

## § 221.54

## 24 CFR Ch. II (4–1–00 Edition)

mortgagor other than a mortgagor qualifying as a “displaced family” (as that term is defined in section 221(f) of the Act) shall have paid in cash or its equivalent at least 3 percent of the Commissioner’s estimate of the acquisition cost of the property.

(b) At the time the mortgage on a two-, three-, or four-family dwelling is insured, a mortgagor other than a mortgagor qualifying as a displaced family shall have paid in cash or its equivalent at least the minimum amount required pursuant to the loan-to-value limitations as set forth below.

(1) *Loan-to-value limitation—principal residences—approval before construction.* If the mortgage covers a dwelling that is to be occupied as a principal residence (as defined in § 221.20(c)(1)) and is approved for mortgage insurance before the beginning of construction, or was completed more than one year before the date of the application for mortgage insurance, the sum of the following percentages of the Commissioner’s estimate of the appraised value of the property as of the date the mortgage is accepted for insurance constitutes the maximum loan-to-value ratio:

- (i) 97 percent of the first \$25,000 of such value.
- (ii) 95 percent of such value in excess of \$25,000.
- (iii) 80 percent of such value in excess of \$35,000.

(2) *Loan-to-value limitation—principal residences—no prior approval.* A loan-to-value limitation of 90 percent of the appraised value of the property as of the date the mortgage is accepted for insurance is required, if (i) the mortgage covers a dwelling that is to be occupied as a principal residence (as defined in § 221.20(c)) and (ii) the dwelling does not meet the requirements contained in paragraph (b)(1) of this section.

(3) *Loan-to-value limitation—secondary residences.* A loan-to-value limitation of 85 percent of the appraised value of the property as of the date the mortgage is accepted for insurance is required, if the mortgage covers a dwelling that is to be occupied as a secondary residence (as defined in § 221.20(c)).

(4) *Loan-to-value limitation—mortgagors of dwellings that are not principal or secondary residences.* A loan-to-value

limitation on the appraised value of the property for the appropriate loan type under paragraphs (a) (1) through (3) of this section is applicable with respect to eligible non-occupant mortgagors (as defined in § 221.20(c)), if the mortgage covers a dwelling referred to in § 221.20(b).

(c) A mortgagor qualifying as a displaced family shall have paid in cash or its equivalent on account of the property, at the time the mortgage is insured, not less than:

- (1) Two hundred dollars for a one-family dwelling;
- (2) Four hundred dollars for a two-family dwelling;
- (3) Six hundred dollars for a three-family dwelling;
- (4) Eight hundred dollars for a four-family dwelling.

[37 FR 23161, Oct. 31, 1972, as amended at 39 FR 32433, Sept. 6, 1974; 42 FR 57435, Nov. 2, 1977; 55 FR 34809, Aug. 24, 1990; 61 FR 60160, Nov. 26, 1996]

### § 221.54 Inclusion of closing costs and expenses in cash payment.

The mortgagor’s required minimum investment may include amounts covering settlement costs, initial payments for taxes, hazard insurance premiums, mortgage insurance premiums, and other prepaid expenses as approved by the Commissioner.

### § 221.55 Deferred sale of properties.

A mortgagor under a mortgage covering a one-family dwelling may, subject to such terms and conditions as the Commissioner may prescribe, be permitted to sell the property to a displaced person on a deferred payment basis, to provide for the accumulation of the required cash payment.

## Subpart B—Contract Rights and Obligations—Low Cost Homes

### § 221.251 Cross-reference.

(a) All of the provisions of subpart B, part 203 of this chapter covering mortgages insured under section 203 of the National Housing Act apply to mortgages covering one- to four-family dwellings insured under section 221 of the National Housing Act, except the following provisions:  
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